

**GOVERNMENT OF INDIA**  
**MINISTRY OF COMMERCE**



**REPORT OF THE**  
**INDIAN TARIFF BOARD**  
**ON THE**  
**CONTINUANCE OF PROTECTION**  
**TO THE COATED ABRASIVES**  
**INDUSTRY**

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## REPORT ON THE COATED ABRASIVES INDUSTRY

The Government of India, Ministry of Commerce, in their letter No. 2-T(2)/49, dated 28th January 1949, have asked the Tariff Board to conduct necessary inquiries into certain protected industries, coated abrasives being one of them, in order to find out the disparity between the indigenous fair selling prices and the c.i.f. prices of corresponding imports and whether the quantum or nature of protection at present enjoyed by the industries is adequate and suitable or not. The Board has been asked to submit its recommendations as to any action which may be called for under Section 4(1) of the Indian Tariff Act, 1934.

2. The claim of the coated abrasives industry for protection or assistance was first referred to the Board by Government (the late Department of Commerce) in their resolution No. 218-T(55)/45, dated 16th February 1946. After considering the claim, the Board submitted its report in June 1946, in which the following recommendations were made:—

Previous Tariff Board Inquiry.

- “(1) The present revenue duties on abrasives papers (item 30 of the Indian Customs Tariff Schedule), the standard rate being 36 per cent. *ad valorem*, and the preferential rate on imports from U.K. 24 per cent. *ad valorem*, and the preferential rate on imports from Burma 12 per cent. *ad valorem*, should be converted into protective *ad valorem* duties and be maintained for the period ending 31st March 1949. This article should be listed as a separate item in the Customs Tariff Schedule.
- (2) The present revenue duty on emery cloth (item 87 of the Indian Customs Tariff Schedule) which is 30 per cent. *ad valorem*, should be replaced by a protective duty of 40 per cent. *ad valorem* and this should remain in force for the period ending 31st March, 1949. This article should also be listed under a separate number in the Customs Tariff Schedule.
- (3) All abrasives, coils, discs, belts, shapes, tapes, etc., made of paper, when they are imported as stores apart from machinery, should be subject to the same protective duties as abrasive papers.
- (4) All abrasives rolls, coils, discs, belts, shapes, tapes, etc., made of cloth, or combination of paper and cloth, when they are imported as stores apart from machinery should be subject to the same duties as abrasive cloth.
- (5) No import licence for coated abrasives should be issued for the second half of 1946 and thereafter they should be placed on the open general licence list.
- (6) The present revenue duty of 30 per cent. *ad valorem*, on synthetic grains should be refunded in the case of firms producing coated abrasive paper and cloth of all grades, shapes, and sizes.

- (7) The present revenue duty of 30 per cent. *ad valorem* on emery and kraft paper should be refunded in the case of firms producing coated abrasive paper and cloth of all grades, shapes and sizes. If evidence is forthcoming that the Indian paper manufacturers are manufacturing kraft paper, Government should suspend the grant of rebate until the case of the paper industry is examined. The question of developing the Indian corundum industry should be taken up for examination at an early date by Government.
- (8) Arrangements should be made by the Textile Commissioner to release reasonable quantities of backing cloth of the requisite specifications for the manufacturers of coated abrasive cloth.
- (9) All facilities should be given for the exportation of coated abrasives from India.
- (10) The Engineering Association of India should be moved to take steps to prescribe suitable standard specifications for indigenous coated abrasives."

The Government of India accepted all the recommendations of the Board except Nos. 2, 4, 6 and 7. In regard to abrasive paper, the revenue duties of 36 per cent. standard, 24 per cent. on manufacturers of the U.K. or a British Colony and 12 per cent. on imports from Burma were converted into protective duties, to remain in force till 31st March 1949. It was also decided to levy similar protective duties on all abrasives rolls, coils, discs, belts, shapes, tapes, etc., made of paper when imported as stores apart from machinery. As regards emery cloth, Government came to the conclusion that the revenue duty of 30 per cent. afforded adequate protection to the Indian manufacturers and accordingly decided to convert it into protective duty. This measure of protection was also to remain in force up to 31st March 1949. With regard to recommendations 6 and 7, Government considered that since the protective duties which they had decided to impose would give sufficient protection to the industry, the grant of a further measure of relief by way of a refund of the 30 per cent. revenue duty on synthetic grains and emery and kraft paper was unjustifiable. In connection with the general concessions granted to stimulate industrial production in the country, however, Government decided, at a later date, to refund the whole of the duty levied on imports of kraft paper, emery and abrasive grains used by manufacturers of coated abrasives. This decision was given effect to from 23rd October 1948.

During the latter part of 1948, a preliminary investigation was made by the Board as to the necessity for the continuance of certain protective duties and the Board informed Government in its letter No. TB[G]1(15)1, dated 17th December 1948, that there was a *prima facie* case for the continuance of protection to the coated abrasives industry and recommended the extension of the existing measure of protection for another year after 31st March 1949. The Board intended to examine the case of this industry in detail and submit its final recommendations by the end of this year. As Government have now asked the Board's opinion as to whether any immediate action is required with reference to Section 4(1) of the Tariff Act, necessary inquiries have been instituted on the basis of the material readily available.

3. Messrs. Ajax Products, Ltd., Madras, and Messrs. Krishnalal Thirani & Co., Calcutta, the two principal producers as well as the Engineering Association of India, Calcutta, have made representations to the effect that as the cost of production of both sand|flint paper and emery cloth has increased considerably due mainly to the higher cost of the raw materials, such as paper, cloth, glue, flint and emery, and as imports of glass and emery papers from sterling and soft currency countries have been brought under an O.G.L. with effect from 3rd July 1948, the existing measure of protection is inadequate to enable the coated abrasives industry to face competition from imported goods. With a view to ascertain whether there was a case for increasing the quantum of protection by reason of the increased cost of production, we decided to have the cost data of sand|flint paper and emery cloth manufactured by Messrs. Ajax Products, Ltd., Madras, during the year 1948 examined by the Board's Cost Accounts Officer. A statement showing the comparative figures of costs for 1946 and 1948 as arrived at will be found in Appendix I. The figures shown in that statement are subject to the following comments:—

(i) *Production*.—The actual production of all types during the year 1945 (the period for which costs were examined in 1946) was 26 reams per day. The previous Tariff Board expected that production would go up to 50 reams per day during the half-year July-December 1946 and to 100 reams per day during the years 1947 and 1948. The company could not, however, produce more than 51.6 reams per day during the year 1948, working single shift. It is, however, capable of increasing its production further by working extra shifts, but the main reason for its inability to make any substantial advance is stated to be the want of adequate and balanced demand for the types of paper and cloth produced.

(ii) *Paper*.—The company uses imported paper. In 1948, purchases were made from the same suppliers (Messrs. Gerard Fluyskens Co., New York) who supplied in 1945 and 1946 but the price of paper has gone up for the same quality. It is stated that inquiries from other suppliers in Sweden, etc., show even higher prices. The figure of Re. 0.707 per lb. shown in the 1948 costs represents the average stock price for the year.

(iii) *Cloth*.—There is substantial change under this item both in respect of quantity and price. In 1945, the company was using cloth of 35" width; but during 1948, they obtained cloth of a width of 28½" from Binny & Co.'s Mills. Due to this reduction in width, the length of cloth consumed for one ream of emery cloth has gone up in 1948 to 54 yards from the previous figure of 40 yards. We may point out that in the oral evidence recorded on 24th May 1946, during the previous Tariff Board inquiry, it was recognised that the quantity of cloth would go up from 40 to 50 yards if the width of cloth went down from 35" to 28½" (*vide* extract from oral evidence reproduced in Appendix II). Messrs. Ajax Products Ltd., have now to purchase cloth at Rs. 1-1-0 per yard of 28½" width as against Rs. 1-1-6 in 1945 for a yard of 35" width. It may be explained that although on a purely arithmetical basis 50 yards of cloth of a width of 28½" would be sufficient to provide nearly the same area as 40 yards of cloth of a width of 35" actually more cloth of the smaller width is required to produce an equal quantity of emery cloth. To conform to the established trade practice, the size of a piece of

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emery cloth has to be kept at  $11\frac{1}{2}'' \times 88\frac{1}{2}''$ . When the width of the cloth used is 35" it is possible to make out of its width either 3 pieces each of  $11\frac{1}{2}''$  leaving  $\frac{1}{2}''$  for wastage or 4 pieces each of  $8\frac{1}{2}''$  leaving 1" for wastage. On the other hand, from a width of  $28\frac{1}{2}''$  only 3 pieces of  $8\frac{1}{2}''$  each can be cut, leaving an unused piece of 3" in width which is wasted. We have therefore accepted the producers' contention that at least 54 yards of cloth of a width of  $28\frac{1}{2}''$  are required to produce the same quantity of emery cloth as 40 yards of cloth of a width of 35". We are not aware of the reasons which impelled the Buckingham and Carnatic Mills who are the manufacturers and suppliers of backing cloth, to reduce the width of the cloth. In view, however, of the fact that the change has proved to be disadvantageous to the emery cloth industry, we would suggest that the Textile Commissioner should examine the position and consider the advisability of directing the mills to revert to the old practice of manufacturing backing cloth of a width of 35", if there is no risk of such reversion resulting in a reduction of general production or interfering with the overall economy of the textile mills.

(iv) *Glue*.—In 1946, the Company was using glue purchased locally from Messrs. Shaw Wallace & Co. supplemented by small quantities of glue made in the Company's own premises. It is stated that the quality of the locally made glue is not uniform and that Shaw Wallace & Co. are not able to supply the full quantity of the proper type of glue required. Consequently, the Company is supplementing its local purchases by imports of American glue from Shanghai and English glue from the U.K. The average stock rate for 1948 of all these types of glue is Re. 1.986 per lb.

(v) *Emery*.—During 1945 and 1946, the Company was using Salem Corundum for manufacture of emery cloth. Subsequently, the use of Salem corundum was given up as its mining cost was found to be too high; and the Company is instead using imported Turkish emery. The quantity of Turkish emery required is 23 lbs. per ream of cloth and the price works out to Re. 0.384 per lb. of grain.

(vi) *Quantities of paper, glue and flint*.—In respect of these items the quantity consumed for one ream of paper or cloth in 1948 is taken to be the same as in 1946 because requirements are based on the American standard specifications and appropriate cross-checks are exercised to see that the materials are economically utilised.

(vii) *Power and fuel*.—The increase under this item is mainly due to increase in the price of coal.

(viii) *Establishment*.—The increase from Rs. 1.7 in 1946 to Rs. 3.5 in 1948 is due to annual increments, increased dearness allowance and additions to staff.

(ix) *Depreciation*.—The increase is due to machinery worth Rs. 80,000/- added during 1947-48.

(x) *General charges*.—The increase from 0.19 to 0.35 is mainly due to the addition of a canteen in the factory.

(xi) *Profit*.—The increase from Rs. 2/- to Rs. 2.80 under this item is due to the addition to Block made subsequent to 1946.



The representatives of the Company have accepted the figures of costs arrived at by the Board's Cost Accounts Officer.

We have also discussed these figures with the representatives of the Engineering Association of India and Messrs. Krishnalal Tirani & Co., Calcutta, who interviewed us in April this year. They have agreed that the costs of production of sand paper and emery cloth of Messrs. Ajax Products Ltd., Madras, as estimated by the Board should be taken as representative of the industry as a whole and should form the basis for reviewing the quantum of protection enjoyed at present by the industry.

4. On the basis of the figures of costs for the year 1948, the estimated Revised estimates of fair fair selling prices of sand/flint paper and the selling prices. better quality of emery cloth are as follows:—

Sand/Flint Paper.	Emery cloth (Better quality).
Rs. 30-98 per ream or Rs. 30-15-8	Rs. 88-55 per ream or Rs. 88-8-10 per ream

The corresponding prices estimated by the previous Tariff Board were as follows:—

Sand/Flint paper per ream.		Emery cloth (Better quality) per ream.	
1946	1947-48	1946	1947-48
21-2-0	16-4-0	65-11-0	55-14-0

As Ajax produce only the superior quality of emery cloth, its cost has been taken into account in our revised estimates of the fair selling prices.

The previous Tariff Board had held that in consequence of the anticipated increase in production during 1947 and 1948, the cost of production would be substantially reduced. The cost of production during these years both for sand paper and emery cloth was accordingly estimated on the basis of a production of 100 reams per day. As already pointed out in paragraph 3 above, this expectation has not been fulfilled owing to a lack of adequate and balanced demand. The producers have also referred to the difficulty of importing certain new machinery required by them, to sporadic labour strikes and to the inadequacy of the supply of the raw materials as other factors which have hampered increased production. It will be seen from the figures given in Appendix I, that there has, in fact, been a substantial increase in the cost of production of both sand/flint paper and emery cloth.

5. Appendix III shows the figures of the c.i.f. prices of recent imports of sand paper and emery cloth which we have obtained from the Collectors of Customs and from Messrs. H. S. Cox & Co., who are the principal importers at Bombay. It will be noticed from the following comparative statement that on an

C. I. F. prices.

average basis, the prices both of sand paper and emery cloth have appreciably risen since 1946.—

**A. Sand|flint glass paper.**

Quality.	C.i.f. price as per Board's report in 1946.	Present c.i.f. price.	Difference.	%increase (+) or decrease (—) of present c.i.f. price over that in 1946.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	
<b>(a) Cabinet Glass Paper</b>				
O—F <sub>2</sub> .. .. .	19 3 0	25 6 0	+6 3 0	+32.25
M2—S <sub>2</sub> .. .. .	25 8 0	32 6 0	+6 14 0	+26.00
2½—3 .. .. .	29 13 0	37 10 0	+7 13 0	+26.21
<b>(b) Cheapest Quality Glass Paper</b>				
O—F <sub>2</sub> .. .. .	15 14 0	18 4 0	+2 6 0	+14.00
M2—S <sub>2</sub> .. .. .	20 10 0	19 12 0	—0 14 0	— 4.24
2½—3 .. .. .	27 4 0	29 0 0	+1 12 0	+ 6.42
<b>(c) Average of (a) and (b) .. .. .</b>	<b>23 1 0</b>	<b>27 1 0</b>	<b>+4 0 0</b>	<b>+17.34</b>

**B.—Best quality emery cloth**

00—1½ .. .. .	43 4 0	62 3 0	+18 15 0	+43.79
2—3 .. .. .	51 4 0	67 12 0	+16 3 0	+32.20
Average .. .. .	47 4 0	64 15 6	+17 11 6	+37.60

The figures given by Messrs. H. S. Cox & Co. have been adopted for the purpose of the above comparison in the case of cabinet glass paper and best quality emery cloth as they relate to consignments imported recently and are lower than the c.i.f. prices furnished by the Collectors of Customs, Madras and Calcutta. The figures supplied by the Collector of Customs, Bombay, are slightly lower than those quoted by Messrs. H. S. Cox & Co. but they refer to consignments imported during an earlier period. For the cheapest quality of glass paper we have taken the lowest c.i.f. prices of recent imports which are those supplied by the Collector of Customs, Calcutta. The fact that there has been a marked rise in the c.i.f. prices is also borne out by the information furnished to us by the Emery Trade Association of England. In a memorandum, dated 17th March, 1949, submitted by this Association, it is stated that the selling prices of the

abrasives manufactured in the U.K. have increased since 1946 as under:—

Flexible Blue Twill Emery Cloth Drill Backing, Average fine to coarse	20%
White Emery Cloth, Best and cheapest qualities, Average fine to coarse	30·5%
Glass Paper, Best and cheapest qualities, Average fine to coarse ..	28·5%

In this connection, we may mention that some representatives of the industry have complained to us that certain sales of sand and glass paper as well as emery cloth have actually taken place at such low rates as to suggest that the goods have been sold at prices lower than the lowest landed cost with duty. This allegation was particularly made in respect of sand paper imported from Italy. No reliable evidence has been produced before us to substantiate this allegation. But we understand that owing to heavy importations both from the U.K. and Italy because of the operation of the O.G.L. there has been an appreciable fall in the local market prices; and though it is quite possible that some consignments may have been sold without profit, it is doubtful if any sales took place at a price lower than the cum-duty landed cost of the goods. The Collector of Customs, Calcutta, has also informed us that there has been a marked fall in the market prices at his port owing to apprehensions regarding further large importations but that there has been no decline in the c.i.f. prices for sand paper and emery cloth since October 1948. In any case, for the purpose of determining whether the existing quantum of protection enjoyed by the industry is sufficient, we cannot take into consideration the prevailing market prices that may have been influenced by these abnormal conditions. We have, therefore, only taken the c.i.f. prices shown in Appendix III as the basis for comparison with the fair selling prices of the indigenous products.

6. (a) The following table shows the fair selling prices of indigenous abrasives estimated by us and the landed costs based on the average of the lowest c.i.f. prices of abrasives imported recently:—

Comparison of fair selling prices with landed costs.

(A) *Sand|Flint|Glass Paper.*

	Rs.	a.	p.
(a) Fair selling price .. .. .	30	15	8
(b) C. I. F. .. .. .	27	1	0
(c) Customs duty @ 24% <i>ad valorem</i> .. .. .	6	7	11
(d) Landing charges at 1½% .. .. .	0	5	5
(e) Landed cost .. .. .	33	14	4
(f) Excess of present landed cost with duty over fair selling price ..	2	14	8

(B) *Emery Cloth.*

(a) Fair selling price .. .. .	88	8	10
(b) C. I. F. .. .. .	64	15	6
(c) Landing charges at 1½% .. .. .	0	13	0
(d) Landed cost ex-duty .. .. .	65	12	6
(e) Duty required i.e. difference between (a) and (d) .. .. .	22	12	4
(f) Required duty as percentage of C. I. F. .. .. .	35·05%		

(b) As the landed cost with duty of imported sand|flint paper is appreciably higher than the fair selling price of the indigenous article in spite of an increase in the latter's cost of production, there is no necessity to increase the existing rate of duty. We do not, therefore, recommend any change in the quantum of protection so far as sand|flint|glass paper is concerned.

(c) As regards emery cloth, however, it will be seen that the present duty of 30 per cent. is not sufficient to cover the difference between the fair selling price of the indigenous article and the landed cost ex-duty of the imported one. It may be pointed out that the previous Tariff Board considered that it was necessary to impose a protective duty of 40 per cent. against the revenue duty of 30 per cent. on emery cloth because the fair selling price estimated by it for the better quality of the cloth for 1946 was higher by over 37 per cent. than the c.i.f. price of imported emery cloth. Moreover, it was considered desirable that the quantum of protection should be somewhat higher than that indicated by the difference in the fair selling price and the ex-duty landed cost in order to enable the Indian industry to overcome the prevalent prejudice in favour of the imported article. Government, however, did not accept the Board's recommendation presumably because of the anticipated fall in the cost of production in 1947 and 1948 according to the Board's own estimate. So, far from this anticipation being realized, it is now found that on the basis of the actual cost of production in 1948 as shown in Appendix I, the fair selling price of emery cloth is in fact higher than the Board's estimate for July—December 1946 by nearly Rs. 23 per ream. The main reasons for this substantial increase in the cost of production have been discussed by us in paragraph 3. Judging by the present conditions of supply and the prices of raw materials, we do not expect any appreciable reduction in the cost of production for some time to come. From the comparative figures given above, it will be seen that a duty of at least 35 per cent. is required to equate the ex-duty landed cost of imported emery cloth to the estimated fair selling price of the indigenous article. In order, therefore, to give adequate protection to this industry, we recommend that the existing protective duty of 30 per cent. *ad valorem* leviable on emery cloth and abrasive rolls etc., under item 30 (10) of the First Schedule—Import Tariff of the Indian Customs Tariff be raised to 35 per cent. with immediate effect.

It was held by the previous Tariff Board that the incidence of an increase in the price of coated abrasives as a result of protection would be negligible. We accept this view and consider that the small increase in duty on emery cloth which we recommend is not likely to make any material difference in the cost to the consumer.

7. The previous Tariff Board had expressed the opinion that the coated abrasives made in India were as good as the imported ones in respect of quality and we see no reason to differ from this view. Till July 1948, imports of these goods were greatly restricted and the Indian industry had to face no competition worth mentioning. By this time it should have established its reputation and overcome whatever prejudice might have previously existed. We, therefore, consider that there is no necessity now to make any allowance for prejudice.

8. The previous Tariff Board had recommended that no import licences should be issued for sand paper and emery cloth for the second half of 1946. Actually, however, the import restrictions on these goods continued till July, 1948. We do not favour the re-imposition of restrictions on the imports of abrasives as we believe that it is necessary to permit competitive imports as an incentive to the Indian industry to maintain the quality of its products and to take steps not only to popularise the use of the indigenous articles in India but also to push their sales in the markets of the neighbouring countries.

9. The protection granted to the coated abrasives industry is due to expire on 31st March 1950. In the normal course, the Tariff Board would have to conduct necessary enquiries as to the continuance of protection towards the end of the current year.

Since, however, we have already made a sufficiently detailed investigation into the condition of this industry in connection with the specific reference made to us under Section 4(1) of the Indian Tariff Act, we have taken the opportunity to consider whether the period of protection should be extended. We have investigated the cost of production of Ajax Products and have discussed the important aspects connected with the development of the industry with the representatives of the other principal manufacturers, namely, Messrs. Krishnalal Thirani & Co., as well as with the representatives of the Engineering Association of India. We do not anticipate that there will be any appreciable reduction in the cost of production during the next two years. In these circumstances, we feel that no useful purpose will be served by conducting another inquiry into this industry towards the end of the year. It will be seen from the figures given in Appendix IV that though the production of abrasives has increased appreciably, it is far below the industry's productive capacity. It is necessary that the Indian industry should be encouraged to increase production not only to meet the entire indigenous demand and to reduce costs, but also in order to compete with foreign abrasives in the markets of the neighbouring countries. Messrs. Ajax Products Ltd., Madras, have already exported appreciable quantities of abrasives to China, Siam, Malay States, Burma and Ceylon and have also appointed agents in these countries for the sale of their products. The industry has, on the whole, made satisfactory progress during the last two years but we do not think that it will be able to dispense with protection in the near future. We are of the opinion that the industry will continue to need protection for at least two more years in order to be able to compete effectively with foreign imports in the home market and in the markets of the neighbouring countries. We, therefore, recommend that the existing protective duties with the increase we have proposed in respect of emery cloth should be continued for a further period of two years with effect from 1st April 1950. We feel no hesitation in making this recommendation particularly because under Government's Resolution (Tariffs) No. 30-T(1)48 dated 6th August 1948, we are required to maintain a continuous watch over the progress of protected industries and to advise Government regarding the necessity or otherwise of modifying the protection or assistance granted to an industry

from time to time. If, therefore, at any time, it is found that the protection afforded by the existing duties is excessive, necessary action to reduce them or to withdraw protection from the industry can be taken under Section 4(1) of the Tariff Act.

10. (i) The Textile Commissioner should consider the advisability of directing the textile mills to revert to the old practice of manufacturing backing cloth of a width of 35" for use in the manufacture of emery cloth. (Paragraph 3).

**Summary of conclusions and recommendations.**

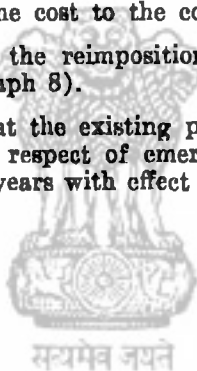
(ii) No change is at present called for in the existing rate of protective duty so far as sand|flint|glass paper is concerned. (paragraph 6).

(iii) The existing protective duty of 30 per cent. *ad valorem* leviable on emery cloth and abrasive rolls, etc., under item 30(10) of the Indian Customs Tariff should be raised to 35 per cent. with immediate effect under Section 4(1) of the Tariff Act. (paragraph 6).

(iv) The small increase in duty on emery cloth is not likely to make any material difference in the cost to the consumer. (paragraph 6).

(v) We do not favour the reimposition of restrictions on the imports of abrasives. (paragraph 8).

(vi) We recommend that the existing protective duties with the increase we have proposed in respect of emery cloth should be continued for a further period of two years with effect from 1st April 1950. (paragraph 9).



G. L. MEHTA,  
*President.*

M. E. RAHMAN,  
*Member.*

R. DORAISWAMY,  
*Secretary.*

BOMBAY,  
*Dated 23rd May, 1949.*

## APPENDIX I.

(VIDE PARAGRAPH 3).

*Ajaja Products Limited, Madras.*

Comparative figures of costs for 1946 &amp; 1948.

Particulars.	Sand/Flint Paper.						Emery Cloth.					
	Board's estimate for July —Dec. 1946			Actuals for 1948			Board's estimate for July —Dec. 1946			Actuals for 1948		
	Qty.	Rate	Amount	Qty.	Rate	Amount	Qty.	Rate	Amount	Qty.	Rate	Amount
		Rs.	Rs.		Rs.	Rs.		Rs.	Rs.		Rs.	Ra.
1. Raw Materials :												
(a) Paper .. .. lbs.	11.2	0.396	4.44	11.2	0.707	7.92						57.40
Cloth .. .. Yds.												8.34
(b) Glue .. .. Lbs.	4.2	1.269	5.33	4.2	1.986	8.34	40.0	1.095	43.80	54.0	1.063	
(c) Flint .. .. "	33.6	0.022	0.74	33.6	0.022	0.74	4.2	1.269	5.33	4.2	1.986	
Emery (Salem) .. .. "							17.4	0.340	5.92	23.0	0.384	8.83
Emery (Turkish) .. .. "												
Total of (1) .. .. "			10.51			17.00			55.05			74.57

## APPENDIX I—contd.

Particulars.	Sand/Flint Paper.						Emery Cloth.					
	Board's estimate for July —Dec. 1946			Actuals for 1948			Board's estimate for July —Dec. 1946			Actuals for 1948		
	Qty.	Rate	Amount	Qty.	Rate	Amount	Qty.	Rate	Amount	Qty.	Rate	Amount
		Rs.	Rs.		Rs.	Rs.		Rs.	Rs.		Rs.	Rs.
2. Power and Fuel ..			0.51			0.70			0.51			0.70
3. Labour ..			0.60			0.78			0.60			0.78
4. Repairs and Maintenance ..			0.67			0.69			0.67			0.69
5. Consumable Stores ..			1.70			3.50			1.70			3.50
6. Establishment ..			1.36			1.94			1.36			1.94
7. Depreciation ..												
8. Other overheads :												
(a) Insurance ..			0.36			0.20			0.36			0.20
(b) Stationery, Printing & Postage ..			0.16			0.32			0.16			0.32
(c) Laboratory and research ..			..			..			..			..
(d) Rent, rates and taxes ..			0.16			0.33			0.16			0.33
(e) Directors' & Auditors' Fees ..			0.04			..			0.04			..
(f) Managing Agents' charges ..			0.40			0.39			0.40			0.39





## APPENDIX II.

(VIDE PARAGRAPH 3).

*Extract from the oral evidence recorded on 24th May, 1946 at the Tariff Board inquiry on coated abrasives.*

Page 5.

President : Is this the specification for which the Binny's have quoted 11 annas 10 pies ?

Mr. Murugappa Chettiar : Yes.

President : Have you got the samples of that cloth ? Can you show it to us ?

Mr. Murugappa Chettiar : Yes (here again Mr. Murugappa Chettiar handed over the sample cloth of the Binny's and also some American samples). The Binny's sample requires a little more backing.

President : What is the backing material ?

Mr. Murugappa Chettiar : It consists of sizing material and China Clay. In the mangles of the milles with the help of a few rollers added, the necessary backing can be done.

President : Have you tried any of the mills at Coimbatore ?

Mr. Murugappa Chettiar : We have tried at Somasundarm's. They produced that cloth though the quality was not perfect. With a little more care, they will be able to do it.

Mr. Rao : The price of the cloth at which Ajax were buying was Rs. 1|1|6. If the width is 35 inches they would require 40 yards and if it is 28½" they would require 50 yards.

Dr. Nazir Ahmed : So it does not make any difference between the two i.e., getting 35 inches cloth at Rs. 1|1|6 in which case you would require 40 yards and getting 28½" cloth at 12 annas in which case you would require 50 yards.

President : We would put it at Re. 1 for the future for cloth of 35 inches width.

## APPENDIX III.

(VIDE PARAGRAPH 5).

## C.I.F. Prices of Glass|Flint paper and Emery Cloth.

Description of article	Country of origin	H. S. Cox and Company Bombay	Collector of Customs, Bombay	Collector of Customs, Madras	Collector of Customs, Calcutta
<b>I.—Flexible Cabinet Glass Paper :</b>					
00—F <sub>2</sub> .. .. .	U. K. ..	Rs. A. P. *25-6-0 (Dec. '48)	Rs. A. P. ** 25 3 2	Rs. A. P. †33-8-0 (Dec. '48) ‡58-0-0 (Jan. '49) †31-0-0 (Mar. '49)	Rs. A. P. †28-8-0 (Oct. '48)
M <sub>2</sub> —S <sub>2</sub> .. .. .	U. K. ..	*32-0-0 (Dec. '48)	31 15 2	†39-0-0 (Dec. '48) ‡71-8-0 (Jan. '49) †38-0-0 (Mar. '49)	†35 13-0 (Nov. '48)
2½—3 .. .. .	U. K. ..	*37-10-0 (Dec. '48)	37 5 7	..	†41-12-0 (Jan.-Feb. '49).
<b>II.—Cheapest Quality Glass Paper :</b>					
00—F <sub>2</sub> .. .. .	U. K. ..	..	..	21-10-8 (Nov. '48)	18-4-0 (Jan. '49)
	Italy ..	..	..	21-10-8 (Dec. '48) 19-0-0 (Mar. '49)	
M2—S2 .. .. .	U. K. ..	..	..	26-10-8 (Nov. '48)	19-12-0 (Jan. '49)
	Italy ..	..	..	21-10-8 (Dec. '48) 19-0-0 (Mar. '49)	
2½—3 .. .. .	U. K. ..	..	..	..	†39-0-0 (Jan. '49)

# APPENDIX III—*contd.*

Description of article	Country of origin	H. S. Cox and Company, Bombay.	Collector of Customs, Bombay	Collector of Customs, Madras	Collector of Customs Calcutta
III.— <i>Best Quality Emery Cloth :</i>					
00-1† .. .. .	U. K. ..	Rs. A. P. *62-3-0 (Dec. '48)	Rs. A. P. ** 59 11 2	Rs. A. P. 64-0-0 (Nov. '48) 90-0-0 (Mar. '49)	Rs. A. P. †62-13-0 (Oct. 48)
2-3 .. .. .	U. K. ..	Rs. A. P. *67-12-0 (Dec. '48)	66 2 5	70-10-8 (Nov. '48)	†68-10-0 (Dec. 48)

Note.—Month in brackets relates to month of landing of consignments.

\* Oakley.

† Davies.

‡ Coronet.

§ Goldaworthy.

|| Liberty Brand.

Figures in this column were furnished by the Collector of Customs, Bombay, in his letter No. S-43/48 dated 16/22-10-1948. The month during which importation took place is not available.

## APPENDIX IV.

(VIDE PARAGRAPH 9).

Statement showing production capacity and actual production of Coated  
Abrasives of major manufacturers.

Name of manufacturer	Production capacity in respect of Paper & Cloth	Actual Production in					
		1946			1947		
		Paper	Cloth	Total	Paper	Cloth	Total
(1) Ajax Products Ltd., MADRAS.	60,000 Reams	7,820 Reams + 28,100 Yds.	33,650 Yds.	7,820 Reams + 61,750 Yds.	6,000 Reams + 5,195 Yds.	265 Reams + 7,879 Yds.	6,265 Reams + 13,074 Yds.
							5,677 Reams + 47,665 Yds.
(2) Krishnalal Thirani & Co. Ltd. CALCUTTA.	36,000 Reams.			18,000 Reams			20,000 Reams.
							12,000 Reams.
Total	96,000 Reams.			25,820 Reams. + 61,750 Yds.			26,265 Reams. + 13,074 Yds.
							17,677 Reams + 47,665 Yds.